

RG 104, 8NS-104-94-077
Box 3

8NS-104-94-077, Miscellaneous
Correspondence & Memos, 1897-1994

Correspondence and Reports concerning relocation of Denver Mint 1963-1974

UNITED STATES GOVERNMENT

Memorandum

TO : Mrs. Fern V. Miller
Superintendent

FROM : A. L. Philippus
Head, Cash & Deposits Division

SUBJECT: Arthur D. Little Report

DATE: March 1, 1963

Page 2

The reason, points found east, such as St. Louis, Oklahoma City, Little Rock, Chicago, Minneapolis, etc., were omitted is because such points would be as close to an Ohio Mint as to the Denver Mint, and thus it might be claimed that such points could be serviced as economically from there as from Denver. This, of course, is debatable in view of the transportation cost advantages enjoyed by the Denver Mint.

March 12, 1963

• MEMORANDUM

FROM : Mr. William E. Summers, Mechanical Engineer
Mr. Richard E. Lord, Mechanical Engineer
Coining Division

TO : Mr. Walter J. Judge, Superintendent
Coining Division

SUBJECT : Questions on A. D. Little Inc., Report

We have made a review of the A. D. Little Report without the working memorandums. In order to complete our review of this report we need a copy of the Working Memorandums and Appendix E. May we obtain a copy?

The letter of transmittal invited questions about the report and actions to be taken as a result of the A. D. Little recommendations. We have listed a few questions.

1. We question the action of locating a new large mint at Philadelphia based upon the A. D. Little Report. Their recommendations should be reviewed further. This is concluded after reading the report and discovering the omissions, conflicting and misleading statements listed in the attachment.
2. We question the validity of their recommended location for immediate expansion. On page 36, A. D. Little states that two major factors influencing the choice of location for the required additional capacity are: (A) the location of existing facilities and (B) transportation costs.
 - A. We question consideration given to the various location alternatives because of the following points:
 - (1) Page 36. Alternative (a) states Denver can add equipment described on page 7 to make better use of existing space. A. D. Little has failed to enumerate all the equipment needed and where all of it is to be located. What is to be gained by duplicating Philadelphia's overcrowded and inefficient situation? Has anyone asked the personnel their opinion of Philadelphia as a place to work? The reported cost of this new location at \$5 million dollars is a tremendous jump over the \$50,000 site suggested on page 43. Since about half the building will not be equipped until later, this creates an expensive use of building and land.

(2) Page 37. Alternative (d) states all the new capacity 6.6 billion pieces per year (Table X), is to be located at Denver with new space requirements of 170,000 square feet. Table III shows a capacity of 4.0 billion for this area. What are these major modifications for Philadelphia? It appears to be a new mint to replace the existing facilities plus an expansion of 2.6 billion pieces per year. The self liquidating aspects of Philadelphia's new rolling room and rolling equipment are based upon an unsupported assumption. Why is this new rolling facility classified as existing capacity in Table X and yet charged as initial investment?

(3) Page 38. Alternative (f). This is a feeble excuse to dismiss an important consideration. It is not "clearly" unfavorable. I am sure the Bureau is well qualified to handle several separate building programs simultaneously. There is no support for the statement that two additions would result in more unused space and less efficient utilization of capital than a single-plant expansion. This is not true, since page 36 recommends plants be constructed to cover space demands for 13 years. This total space requirement is in all the alternatives listed in Table X. Only half this space would be used initially. We are submitting Denver's expansion proposal costing 4.5 million dollars equipped, that utilizes all the new space from the beginning. Alternative (f) has the advantage of housing all the new equipment in new buildings at both locations to achieve maximum efficiency instead of duplicating Philadelphia's present dilemma at Denver as proposed in Alternatives a, b, c, and d. A further advantage of this proposal is the division of the production capacities to coincide with the coin demands that can be supplied at the least transportation cost. Denver can ship coin to supply half the nation's demands at less cost than Philadelphia. In conformance with the national policy to scatter and duplicate critical industries, it would be unwise "to put all our coins in one mint".

(4) Alternative (g) states Philadelphia improvements are self liquidating. Housing new equipment in a new building at Philadelphia is more than an improvement. It is a new Mint. This type of improvement would be as self liquidating at Denver as it is at Philadelphia.

(5) Alternative (h) is dismissed because of transportation costs from Denver are very expensive and most coin demand is east of the Mississippi River.

The fact is that Denver's shipping costs are less than Philadelphia's in an area embracing 49% of the total population. During FY 1962, Denver shipped 1.6 billion pieces at less shipping cost than Philadelphia. This is 178% of Philadelphia's total production.

- B. We also question the validity of the misleading conclusion reached in regards to transportation costs that states, "The transportation cost of the Denver expansion is greater than that of the Philadelphia expansion, since a larger fraction of the demand is in the east" (par 2, page 38). A preliminary investigation has disclosed the following facts:

(1) Current minor coin shipping rates (see attachment) of the Navajo Freight Lines, Inc., one of the Mint's reputable shippers, shows that minor coin shipments east from Denver to the eastern boundry of Indiana, Kentucky, Tennessee and Mississippi, cost less than shipments from Philadelphia west of this boundry. Based on the 1960 Census, it is therefore a fact that 49% of the nations population can be reached at less transportation cost from the Denver Mint than from the Philadelphia Mint (see attachment).

(2) Information received from the Cash & Deposits Division, corroborates paragraph (1) by stating that 64 $\frac{1}{2}$ % of the 2.5×10^9 pieces produced in FY 1962 were shipped from Denver at less cost than the shipping cost from Philadelphia.

(3) Table IX, Operating Cost Difference, exaggerates Denver's Outbound Transportation Cost increment as being \$260,000. Based on data reference in the above two paragraphs, we recommend that the Transportation Cost Difference be adjusted to reflect the cost advantage from the Denver Mint.

(4) Table VIII, Outbound Transportation Cost, is meaningless as the "Two Mint Transportation Cost" might apply to any of the following alternative definitions (page 36 through 38), each of which represent different production capabilities for Denver and Philadelphia:

- (a) New Mint in Philadelphia
- (b) Expand Denver Mint
- (c) Expand Philadelphia Mint
- (d) Expansion of Both Existing Mints
- (e) Expand Denver, no Philadelphia improvement

We have not reviewed the sections on forecasting and therefore have no questions on this subject at this time.

William E. Summers

William E. Summers, Mechanical Engineer
Coining Division

Richard E. Lord

Richard E. Lord, Mechanical Engineer
Coining Division

Attachments: 3

1186

ATTACHMENT 1 - PERTAINING TO QUESTION NUMBER ONE

Omissions include:

Page 43 - States the costs of land for construction were not considered and this exclusion impairs the validity of the comparison, somewhat. They fail to mention that the Federal Government owns all the land adjacent to the Denver Mint, about 68,000 square feet, and the reported cost of new land at Philadelphia at 5 million dollars.

Page 3 - States Denver should add a rolling mill, a blank annealing furnace and 10 coin presses. Where do they mention the need for several more blanking presses or where or how all this equipment can be located in the overcrowded plant they describe on page 90?

Page 37 - States the equipment additions described in Chapter II should be made in Denver to make better use of existing space. What space? A. D. Little mentions the location for an annealing furnace, but what about coin presses, blanking punches and a rolling mill? It would be necessary to close the visitor's balcony and use it for storage since the halls are now being used as storage areas.

Page 7 - States Philadelphia rolling mills are old and unreliable.

Page 59 - States at Denver the rolling equipment is newer and more efficient.

Page 40 - States Philadelphia's production costs are higher than Denver's primarily because of higher rolling and maintenance costs. The Philadelphia improvements recommended by A. D. Little should reduce Philadelphia's costs to those at Denver. They fail to mention that the rolling mills now in use at Denver were ordered for and offered to Philadelphia and they declined to install them. Denver did install them in the 1945 building addition which was not designed for this equipment. Three of the rolling mills at Philadelphia are 10 years newer than Denver's. All the Philadelphia materials handling equipment used in the rolling operation is newer and more substantial than Denver's. Their slab and coil annealing furnace is new. Their blanking punches are larger than Denver's. On the whole their equipment is better and newer than Denver's but housed in a crowded building the same as Denver. A comparison of cost data for FY 1962 shows about the same rolling room maintenance and overhead costs at Denver and Philadelphia, on a percentage basis. Based on direct labor cost:

	Philadelphia	Denver
Mechanical overhead	72%	64%
Total overhead	172%	168%

Comparing the mechanical division costs relative to the division total

	Philadelphia	Denver
Rolling	21%	35%

This would show that rolling maintenance costs are not disproportionate at Philadelphia.

Conflicting statements include:

Page 90 - States that both Denver and Philadelphia plants are overcrowded and incapable of taking advantage of improvements in processes and equipment because of space limitations.

Page 3 - States the Denver Mint should add a rolling mill and 10 stamping presses.

Page 7 - States the Denver Mint should add a third rolling mill and 13 more coin presses. Do we add 10 or 13 presses? Why should we add more equipment to an overcrowded plant?

Page 42 - Table X requires a careful review of the Denver Alternative to iron out the differences with statements on page 37 under alternative (d) and with Tables II and III.

- A. In the column of existing capacity, the Denver Expansion lists Philadelphia capacity as 1.3 billion pieces per year. Yet page 40 proposes new space and new equipment for this 1.3 billion capacity. Why isn't it listed as new capacity?
- B. In the column of new capacity, the Denver Expansion is listed as 6.6 billion pieces per year. Page 37 states all new capacity will be located at Denver. Yet Denver's space of 170,000 sq ft as per footnote ** in Table X provides a capacity of only 4.0 billion pieces per year according to Table III.
- C. In the column of initial investment for space, the cost of \$1.8 million for 80,000 sq. ft. at Philadelphia is omitted from the Philadelphia expansion but included in the Denver expansion. Denver's part is only \$4.7 million according to Table III.
- D. In the column of initial investment for equipment, the initial investment costs are listed for the first three alternatives. For the Denver expansion they list the final 1978 equipment cost of \$7.0 million. This is the sum of \$6.0 million to fully equip 170,000 sq. ft. in Denver and \$0.9 million to buy new equipment for Philadelphia. Why not use the same basis such as the 1978 equipment cost. Using Table III, this would result in a total investment in the Denver alternative of \$14.5 million and \$20.5 million for a new mint at Philadelphia. Also, by adding the reported \$5 million land cost to Philadelphia's new mint, the investment would be \$25.5 million at Philadelphia by 1978.

Page 36 - A. D. Little sizes the plant capacity for the period 1966 through 1978, 12 years. This is actually 13 years.

Page 45 - The cost comparisons in Table XI appear to be rigged in favor of Philadelphia.

A. The investment costs are taken from the questionable Table X. They have used initial investment costs in all except the Denver alternative. The annual investment cost should depend upon the total money invested and not the easy down payment. All alternatives omit the land cost. The following tables show total investment costs and interest costs based on the total cost from Tables II and III:

	Philadelphia <u>New Mint</u> 13 years \$12.7 million (6.1 million 1966)	Denver <u>Expansion</u> 13 years \$7.0 million
Period 1966 through 1978 Equipment Cost 1978		
Simple interest @ 4% on invested money for 13 years	5.1	3.6
Space Cost	7.8	7.5
Simple interest @ 5.05% on invested money for 13 years	5.1	4.9
Land Cost, Fees, etc.	5.0 *	0.6 *
Total investment cost 1978	25.5	15.1
Total interest cost 1978	<u>10.2</u>	<u>8.5</u>
Total Cost on Capital	35.7	23.6
Average annual investment cost	1.96	1.16

* Philadelphia's reported and Denver's estimated. Denver's land is already purchased.

B. The Relative Annual Operating Costs were also taken from the questionable Table IX which exaggerated Denver's transportation costs. The Relative Annual Operating Cost figure of 690 for the Denver Expansion should be considerably lower as coins from Denver can be shipped to half the nation's population at less cost than shipping from Philadelphia.

Pages 3, 7, 37, 40, 41, 42 and 43 - There are no details concerning the improvements or major modifications for Philadelphia's current manufacturing space. The 80,000 square foot rolling room in the footnote ** of Table X appears too large for 1.3 billion pieces per year compared to 170,000 square feet at Denver for 6.6 billion pieces.

Misleading Statements include:

Page 2 & 12 - States that three of the alternatives considered for providing additional space, cost about the same amount and substantially less than the others. They omitted the Denver alternative which has a space cost less than two of the three alternatives listed, as shown in Table X.

Page 12 - States that manufacturing space at Philadelphia should no longer be used for that purpose.

Page 42 - The footnote * indicates existing Philadelphia capacity at 1.3 billion pieces per year. How can this be classified as existing if a new building and new equipment are to be provided as states on pages 41 and 43.

Page 37 - Under alternative (d), they recommend some major improvements in the Philadelphia plant that are self liquidating. Is this a new mint?

ATTACHMENT PERTAINING TO QUESTION TWO

RATES

PENNIES - NICKELS

TO:	FROM		WEIGHT: (Load)
	DENVER	PHILADELPHIA	
Atlanta, Georgia	254	181	30,000 pounds
Chicago, Illinois	169	225	30,000 pounds
Louisville, Kentucky	216	216	30,000 pounds
New Orleans, Louisiana	218	391	30,000 pounds
Detroit Michigan	215	197	30,000 pounds
Minneapolis, Minnesota	205	357	30,000 pounds
St. Louis, Missouri	160	245	30,000 pounds
Cleveland, Ohio	220	167	30,000 pounds
Nashville, Tennessee	228	323	30,000 pounds
Memphis, Tennessee	201	243	30,000 pounds
Houston, Texas	188	285	30,000 pounds

STATES AND CORRESPONDING POPULATION MOST ECONOMICALLY SERVED BY THE

DENVER MINT

	1960	1975 Growth
Washington	2,853,214	896,000
Oregon	1,768,687	452,000
California	15,717,204	9,718,000
Nevada	285,278	267,000
Utah	890,627	303,000
Colorado	1,753,947	851,000
Arizona	1,302,161	1,259,000
New Mexico	951,023	585,000
Texas	9,579,677	3,696,000
Montana	674,767	163,000
Idaho	667,191	128,000
Wyoming	330,066	87,000
North Dakota	632,446	3,000
South Dakota	680,514	29,000
Nebraska	1,411,330	126,000
Kansas	2,178,611	485,000
Oklahoma	2,328,284	97,000
Minnesota	3,413,864	866,000
Iowa	2,757,537	209,000
Missouri	4,319,813	765,000
Arkansas	1,786,272	266,000
Louisiana	3,257,022	1,074,000
Mississippi	2,178,141	6,000
Tennessee	3,567,089	356,000
Kentucky	3,038,156	91,000
Indiana	4,662,498	1,462,000
Illinois	10,081,158	3,171,000
Wisconsin	3,951,777	1,135,000
Alaska	226,167	171,000
Hawaii	632,772	121,000
	87,877,293	28,305,000

Total 1960 National Population 179,323,175

Denver can now reach 49.0% of the nation's population at lower transportation cost than Philadelphia.

$$\frac{87,877,293}{179,323,175} = 49.0\%$$



OFFICE OF
DIRECTOR OF THE MINT

TREASURY DEPARTMENT
WASHINGTON 25

RECEIVED

March 1, 1963

Mrs. Fern V. Miller
Superintendent
United States Mint
Denver 4, Colorado

MAR 1 - 1963

U.S. MINT AT DENVER

Dear Mrs. Miller:

This is in further reference to the survey of the Mint, and the copies of the final report issued by the Arthur D. Little Company, which were sent to you with my letter of February 19, 1963.

The major recommendations made as a result of the survey are shown on page (3) three of the report. We have already started action on the most important item, i.e., to obtain new manufacturing space as soon as possible, by submitting proposed legislation to the Congress "To authorize the construction and equipping of buildings required in connection with the operation of the Bureau of the Mint." Under the authority that would be granted by that legislation, the Treasury intends, as the first step, to erect a new Coinage Mint in Philadelphia to replace the existing Mint in that city.

A formal request has been made to the Mayor of the City of Philadelphia, to reserve a tract of land for a new Mint. For your information, I am enclosing a copy of Secretary Dillon's letter to the President of the Senate, and a copy of his letter to Mayor Tate, on this subject.

Other space and equipment recommendations, and additional minor recommendations, are included in the body of the report. We are making a listing and a careful review of all recommendations in order that we may be in a position to report to the Congress, the Secretary of the Treasury, the Budget Bureau, the General Accounting Office, and other interested officials, the action taken in regard to each one. We are planning to have a complete accounting on all recommendations, with the action taken on each one documented clearly, with reasons for accepting or rejecting each suggestion.

In connection with this project, I would appreciate receiving any comments which you or your staff members may care to make on any or all suggestions. We hope to have a completed report on this

metals. We have requested the General Services Administration to make available the lot on Delaware Street that is now being used for a public parking lot. Acquisition of this property would at least give maneuverability to large trucks and keep them from blocking Delaware Street.

2. Inadequacy of coin storage vaults and silver vaults. Lack of storage space for minor coinage metals, which are now stacked and stored in hallways and corridors reserved for civil defense areas, presents a problem.
3. The visitors' balcony over the press room was primarily intended for visitors only. Due to lack of storage space, this balcony is now used as a feeder area for the press room below it and a storage space for working gondolas. Further expansion of coinage without storage space will require the use of this balcony which could severely restrict the number of visitors to the Mint.
4. It must be recognized that an expanded program at this Mint would require larger shop and repair facilities such as the Machine shop, carpenter shop, lead burning shop, tin shop and furnace building shop (this latter work is now being done in the lower hallway).

With all the lack of space and disadvantages that the Denver Mint staff has had to work with during the past years, we believe that with additional space and facilities, we can meet the demand of the entire country for years to come.

On Page 46 of the report, it is stated that they (Little and Company) were impressed by the number of top-level plant personnel who are soon to be retired. As you know, each division in the Denver Mint is well fortified in this respect with new and younger personnel ready to assume the responsibilities as division heads when the present division heads retire. This condition also holds true all the way down the line in all divisions. Younger and experienced men are continually being trained as foremen, assistant foremen, die setters, rollers, milters, machine operators, technicians and shop men. Present personnel and future personnel have never been a problem in the Denver Mint.

FROM: Louis T. Monahan
Assistant Chief Clerk

SUBJECT: Arthur D. Little Company Report on the Denver Mint

In reviewing the Little Report, it leads one to wonder why it is that the above company, after a 33-hour survey at the Denver Mint, could make certain statements that are outlined in the survey.

It must be noted here that none of the company's representatives talked with or consulted with the general management regarding the organization or flow of work. However, in three different sections, they specifically note in the same language that "One source of difficulty exists in the organization structure. None of the assistant superintendents is assigned the line of responsibility for all production operation". "Line" authority to coordinate production has and does exist and is employed with respect not only to coinage but all operations.

It is a matter of tradition that for decades the Assistant Superintendent and/or the Assistant Chief Clerk coordinate all divisions in setting up and arranging coinage programs and coin delivery schedules. The different division heads cooperate fully without any thought of concerning themselves only with their own division. We have always concerned ourselves and are proud of the fact that we have been able to meet any changes in coinage programs immediately. These changes in coinage programs during past years have occurred as frequently as two and three times in one month. We have been able to meet each situation and fulfill the Bureau's requests as instructed.

This fine cooperation is not limited to the production divisions but also include the Cash and Deposits Division, the Assay Division and the Accounting Division. The phrase "coordination and communication among the divisions tend to break down" is not true. No one in this Mint, and, I am sure, no one in the Bureau who is in a position to know, can state that there has ever been a breakdown in coordinating the management of our operations. If such had been the case, we would never have achieved the coinage records we have established during the past several years.

Rather than comment and make suggestions for changing a condition that has never existed, it would have been well for the Little Company representative to comment on some of the following conditions that they may have overlooked:

1. The need for expanded dock facilities for shipping and receiving supplies, material, machinery and all coinage

Mrs. Miller

- 2 -

March 1, 1963

subject within several weeks, with our preliminary conclusions, and any comments should be submitted on or about April 1, 1963.

Sincerely,

Eva Adams
Director of the Mint

Enclosures.

UNITED STATES GOVERNMENT

Memorandum

TO : Mrs. Fern V. Miller
Superintendent

FROM : A. L. Philippus
Head, Cash & Deposits Division

SUBJECT: Arthur D. Little Inc. Report

DATE: March 1, 1963

The Little Report appears to have taken no notice of the unique geographical location of the Denver Mint, which enters into transportation costs in an important manner. Denver may be considered as the only large metropolitan city between the Mississippi River and the West Coast, there being only two fairly large industries (Gates and Schwayders). It is a point of consumption with a heavy volume of merchandise and products coming into the city and very little moving out. The result is that many vehicles leave Denver empty. This has caused the fierce competition between more than twenty local common carriers to get Mint business, resulting in very low transportation tenders on coin shipments. The carriers feel that such revenue as they get on coin shipments is just that much additional profit to them.

If a Mint were built in, say Ohio, as the report suggests, it is doubtful tenders as low as those from the Denver Mint could be obtained. A location such as that mentioned would be situated in an area of dense population with a greater proportionate number of industries. It might be pointed out in this connection that it has been difficult on many occasions for local carriers to find connecting carriers willing to haul coin on a narrow margin of profit for these reasons. Even when such connecting carriers have been found, there have been cancellations because of insufficient volume. Carriers in heavily populated areas have no difficulties in finding merchandise to haul.

It might also be pointed out that silver dollars come to the Denver Mint as "round robin" movements from the East Coast at an extremely cheap rate when silver shipments are sent to Eastern banks. These are then redistributed by the Denver Mint at a considerable savings in transportation. A break-down on coin shipments from Denver to 13 Federal Reserve Banks to points west of Denver and as far east as Omaha for Fiscal Year 1962 resulted in the following findings:

Value	\$57,313,535.00
Pieces	913,652,220

UNITED STATES GOVERNMENT

Memorandum

TO : Mrs. Fern V. Miller
Superintendent

FROM : A. L. Philippus
Head, Cash & Deposits Division

SUBJECT: Arthur D. Little, Inc. Report

DATE: March 8, 1963

This refers to my memorandum to you of March 1 pertaining to the above report. That memorandum was made on the possibility that a new Mint might be constructed somewhere in Ohio. I hereby submit an amended report on the assumption that such a Mint will not be built near the location mentioned, in view of the Bureau's intention to build a new Mint in Philadelphia.

In view of the fact that we now have a report showing transportation costs from Philadelphia as compared to those from Denver, seven additional Federal Reserve Banks should be added to my previous report. This is because the rates from the Denver Mint to these points are considerably lower than those from Philadelphia. The value and number of pieces shipped to these seven banks in fiscal year 1962 are as follows:

Value	\$28,971,000
Pieces	696,370,000

These totals plus those given in my March 1 memorandum to you result in the following grand totals of value and pieces shipped to the entire twenty Federal Reserve Banks tabulated, on which transportation costs from Denver are lower than from Philadelphia:

Value	\$86,284,535
Pieces	1,610,022,220

On the basis of 2.5 billion pieces produced at this Mint, this represents 64½% of that total.

I should also like to refer to the extremely congested conditions surrounding our shipping facilities. At the present time, we have two shipping windows serviced by two conveyers. On days when heavy shipping is scheduled, these facilities are taxed to the limit. It is necessary to have a chain suspended between shipments being loaded to prevent the possibility of loads to different destinations becoming mixed, since loadings are made simultaneously. Any additional production at the Denver Mint in the near future would increase this congestion, and it is doubtful if any additional loads could be shipped over and above those now being shipped on our heaviest days. One

UNITED STATES GOVERNMENT

Memorandum

TO : Mrs. Fern V. Miller
Superintendent

FROM : A. L. Philippus
Head, Cash & Deposits Division

SUBJECT: Arthur D. Little, Inc. Report

DATE: March 8, 1963

Page 2

solution then would be to distribute any additional shipments over the entire week. However, this would create other problems in loads arriving on weekends at many banks. The only practical solution, if increased production is contemplated, would be to increase the shipping areas and facilities proportionately.

It might also be pointed out that in the Little Report, the maintenance of coin inventories is recommended. This is certainly most desirable as it would avoid the present necessity of shipping against daily production. In this connection, it should be realized that although we have no storage problem at the present time, increased production facilities would result in a proportionate increase in coin to be handled by the Cash and Deposits Division. A sudden slow-up in coin demand would rapidly fill our vaults, so that I believe serious consideration should also be given to increasing vault space.

UNITED STATES GOVERNMENT

Memorandum

TO : Mrs. Fern V. Miller
Superintendent

FROM : A. L. Philippus
Head, Cash and Deposits Division

SUBJECT: Arthur D. Little Report - No. 3

DATE: March 26, 1963

With further reference to the above report, I should like to refer to the S.S. dollar situation.

We now have approximately 5 million silver dollars in the Denver Mint. During the past 29 years, approximately 123 million dollars have been shipped from this institution. On the basis of our present stock and shipments in recent years, our stock should last approximately 4 months. According to recent reports, about 100 million dollars remain in the various institutions.

The dollars distributed by the Denver Mint since 1956 are coins which have been shipped to this institution from Philadelphia, New York and Washington, D.C. as "round robin" movements. Therefore, their distribution to the Western area of the nation where they are in big demand, has been less expensive than had they been shipped from the Eastern coast. If the balance of the coins from the Eastern institutions were shipped to Denver, the supply can be expected to last 6 or 7 years. The question then arises as to what is contemplated after that period. (a) Is the use of dollars to be discontinued? (b) Will a new stock of dollars be made? If the latter plan should be decided upon, which seems logical, where will these dollars be made? If they are to be made at the proposed new Philadelphia Mint, it would mean shipping them either across country to the banks direct at a high transportation cost or as "round robin" shipments to the Denver Mint for redistribution.

It is, of course, well-known that silver dollars have practically no circulation in the East. This reshipment would be an unnecessary expense since it is also a known fact that these coins would have to be shipped West. It would, therefore, seem logical to make these dollars at the Denver Mint, eliminating the shipping cost from the East to the West. If made here, they would be available in the area where they are in demand.

This is another factor not mentioned in the Little Report but one which I believe should have consideration in a long-term planning program.

UNITED STATES GOVERNMENT

Memorandum

TO : Mrs. Fern V. Miller
Superintendent

FROM : A. L. Philippus
Head, Cash and Deposits Division

SUBJECT: Arthur D. Little Report - No. 3

DATE: March 26, 1963

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This is another factor not mentioned in the Little Report but one which I believe should have consideration in a long-term planning program.

MEMORANDUM:

MAR 28 1963

FROM: Louis T. Monahan
Assistant Chief Clerk

SUBJECT: Arthur D. Little Company Report on the Denver Mint

Further review of the Little Report regarding expansion at the Mint in Denver still leaves many things to mention that should be taken into consideration in order to increase coinage production.

First, we have long requested a new dock area for coin shipments. At the present time, as you know, we are using two basement windows for loading coin which is very inadequate. Also, the space for large "semi's" is too small for these trucks to properly maneuver in entering and leaving on the Delaware Street side of the Mint.

Second, we are lacking sufficient storage space for raw materials. Our copper pits in which copper is dumped by hand from trucks are entirely too small and do not hold near enough copper for current usage. This area will also need to be expanded.

We have no place, at the present time, for storing zinc. We buy one carload of zinc at a time and many purchases are made during the year for the simple reason that no storage space for zinc is available.

Nickel is being stored in the lower hallways and presents a safety hazard. We can only accommodate one carload of nickel at any one time.

Our silver storage space is in the old coal bunker under "N" Vault and it is very difficult to get it and to take it up to the Make-up Room when working on a silver program. Much of the silver, at times, must be out in the open without proper safeguards. On a large silver program, part of our silver must be stored in the second basement level and brought up from time to time as required which is a time consuming and a costly operation.

We will need future vault and storage space for finished coin which is not now available. Additional storage space for blanks is also sorely needed. Our storage space, at the present time, is completely utilized and we are required to ship our excess coin blanks to Philadelphia in order to relieve this pressure.

In contemplating a new addition, all of the foregoing must be taken into consideration as well as additional facilities such as the machine shop, carpenter shop, lead burning shop, electrical shop and furnace repair shop. All of these are very small and are taxed to their capacity for working. Additional space must be provided in order to take care of future expanded programs. We hope that in considering expansion of this Mint, all of these factors will be taken into consideration.

Louis T. Monahan



TREASURY DEPARTMENT

WASHINGTON 25

OFFICE OF
DIRECTOR OF THE MINT

RECEIVED

March 19, 1963

Mrs. Fern V. Miller
Superintendent
United States Mint
Denver 4, Colorado

MAR 21 1963

OFFICE OF
SUPERINTENDENT
U. S. MINT AT DENVER

Dear Mrs. Miller:

Thank you for your letter of March 14, 1963, with which you forwarded comments and suggestions of various Denver Mint officials on the Arthur D. Little survey report.

Immediately upon receiving your letter, we assembled a complete set of the Working Memoranda and these have already gone forward to you under separate cover. This includes Working Memorandum No. 1 dated August 22, 1962 through Working Memorandum No. 23 dated February 8, 1963. We understand that this completes the series of Working Memos, and that no more will be issued. (No. 8 and No. 23 were received in this office after we had sent the copies of the final report to you.) It is also understood that supporting papers are to be turned over to the Bureau of the Budget and will be available to the Mint.

You will note that many of the Working Memoranda deal with the problem of forecasting the demand for coins. However, a limited number will be of especial interest to your technicians, particularly Working Memo No. 8 on the subject "Production Facilities for the United States Mint". We were able to obtain an extra copy of this one, and two copies of No. 8 were sent to you.

Please convey to the members of your staff my appreciation for the excellent work which was done in preparing the comments and suggestions received. I will also appreciate receiving any further comments after they have reviewed the Working Memoranda referred to above.

There is no question regarding the outstanding job which has been accomplished at the Denver Mint in producing larger quantities of coins, and bringing down operating costs. With the demand for coin expected to continue to increase at a constant rate of about 5 1/2 percent each year, it is completely out of the question to think in terms of discontinuing the excellent facilities at the Denver Mint. I am glad to have your comments on this situation, and will give further attention to accomplishing a better understanding of our over-all long-range problem.

Sincerely,

Eva Adams
Director of the Mint



TREASURY DEPARTMENT

WASHINGTON 25

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March 19, 1963

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Please convey to the members of your staff my appreciation for the excellent work which was done in preparing the comments and suggestions received. I will also appreciate receiving any further comments after they have reviewed the Working Memoranda referred to above.

There is no question regarding the outstanding job which has been accomplished at the Denver Mint in producing larger quantities of coins, and bringing down operating costs. With the demand for coin expected to continue to increase at a constant rate of about 2 percent each year, it is completely out of the question to think in terms of discontinuing the excellent facilities at the Denver Mint. I am glad to have your comments on this situation, and will give further attention to accomplishing a better understanding of our over-all long-range problem.

Sincerely,

Eva Adams
Director of the Mint

March 14, 1933

Air Mail

Miss Eva Adams
Director of the Mint
Treasury Department
Washington 25, D. C.

Dear Miss Adams:

In accordance with your letter of March 1 with regard to comments and suggestions on the Arthur D. Little report, I am enclosing memoranda which members of my staff have prepared.

In going through these data you will be aware of the deep feeling and concern which the men feel. They really have spent hours (most of it after working time) checking on each item in the report. You will find, in several instances, they regret that the working memoranda and supporting papers referred to in the Little report were not made available to them. They have urged me to request that, if possible, this information be sent to them so that they may complete their analyses.

I have gone over the report step by step and have also studied each staff member's evaluation and I feel they have done a splendid job of defending the outstanding record which the Denver Mint has made. There is no need for me to express the feelings of these men in this matter; they have done that in their memoranda; however, with regard to the other employees, may I say that in spite of your telegram and my reassurances, there still is an atmosphere of uncertainty and restlessness. This, I feel, is not good, for efficient work can not be carried out by people whose hearts are not in their work. Even if they try to go on as if nothing has changed, the press and the public seem to delight in renewing the subject. I earnestly feel that until some definite expansion program is started here, we are going to have that continued fear of a cut in working hours—and even of final shutdown.

I just hope that this may be a mistaken feeling of my own, but I would feel remorse if I led you to believe that everything is fine and everyone is happy about the situation. If you

can think of any way in which I can help in trying to bring about a better understanding, please let me know and I will certainly do my best.

Sincerely yours,

(Mrs.) Fern V. Miller
Superintendent

- Enclosures

FVM:aw

Copy for: Chron. file

March 13, 1963

Miss Eva Adams
Director of the Mint
Washington 25, D. C.

Dear Miss Adams:

Enclosed are memoranda containing preliminary comments of Denver Mint officials with respect to the Arthur D. Little report.

It is requested that the working memoranda and supporting papers referred to in the Little report be made available to us as promptly as possible in order that we may complete our analysis of the Little report.

Very truly yours,

Fern V. Miller
Superintendent

Encs.

March 13, 1963

MEMORANDUM

FROM : Marshall W. Reddish
Assistant Superintendent

SUBJECT : Arthur D. Little Company Report on
Expansion of Coinage Production
Facilities

This memorandum will consist of preliminary observations with respect to the recent Arthur D. Little Company report. Further comments will be made after a more complete analysis is made of the 105-page report.

The Little report is, in the opinion of the Denver Mint staff, the most shallow of all approaches which have been made over the years with respect to increasing production and efficiency. This conclusion is based upon the following:

1. There has been a failure to appraise the practicability of expansion of Denver Mint production facilities.
 - a. A mere total of 28 man-hours was spent at the Denver Mint by three different representatives of the Little Company.
 - b. The Denver Mint staff was under the handicap of only being able to answer questions.
 - c. The Little representatives did not request suggestions from members of the Denver Mint staff.

- d. Members of the Denver Mint staff, considered by other countries to be world experts in the minting processes, were either not interviewed or were merely asked questions with respect to how present operations are conducted.
 - e. Officials with the greatest and longest experience in the general management of Mint affairs were not even interviewed.
 - f. No attempt apparently was made to take advantage of previous surveys and management studies, including the two Hoover reports.
 - g. There is no recognition that over the years, by reason of efficiency, know-how and the ability to take advantage of and improve modern industrial practices, the Denver Mint staff has made new records with respect to production and efficiency.
 - h. Neither the representatives nor the report indicate interest in taking advantage of the tremendous reservoir of minting experience which is possessed by the Denver Mint staff.
2. There are glaring instances of misstatements and lack of logic in the report, which have been pointed out by the technical staff of the Denver Mint and will be incorporated in their comments upon the Little report.
 3. The Little report fails to show that since all of the Denver Mint block is now owned by the Federal Government, expansion could be made here faster and cheaper than in any other place.

4. The report does not note that sufficient space exists in the Denver Mint block to immediately erect a large enough addition in which production facilities could be housed which, together with the present Philadelphia Mint, would take care of the country's needs for coinage for perhaps 15 years.
5. The proposed "expansion" of the Denver Mint would appear to consist merely of jamming some additional equipment into an already over-crowded building, eliminating certain Denver Mint functions and reducing the efficiency of the coinage operation.
6. There is a complete failure to note that the storage and shipping facilities of the Denver Mint are completely inadequate to handle present production. Even if the country did not need more coin, any intelligent management survey would have to take note of present storing and shipping inadequacies.
7. There is no indication that the Little people know the facts of life with respect to shipments of coin from the Denver Mint. Apparently they do not recognize that due to the empty back-haul to the East, transportation costs for coin shipments are tremendously low from the Denver Mint. Actually, the Denver Mint can serve half the country's population at a transportation rate equal to or lower than the Philadelphia Mint rate.
8. The report fails to note that only by a second line of rolling and melting can the Denver Mint work on all alloys and all denominations at once.

9. The Little report would permanently relegate the Denver Mint to an inferior position and probably would finally result in its being closed.

In saying this, it is realized that the Denver Mint will have to make most of the country's coin until the new, huge Philadelphia Mint is completed. The report would deliberately withhold from the Denver Mint an addition which would provide for semi-continuous casting and the larger rolling mills which the Little Company recommends.

The third shift at the Denver Mint would be removed as soon as the new Philadelphia Mint would be completed. A dip in coin demand would immediately remove the second shift. On a one-shift basis the withholding of modernization of the Denver Mint would soon put it into such an inferior position that it could soon expect to be closed.

Lest there should be those who say that the Denver Mint has been so long established that it would never be closed, we need merely refer to the Mint at San Francisco, which celebrated its 100th anniversary and was closed almost immediately.

It is now the thinking of the staff of the Denver Mint that no action towards expansion based on the Little report should be taken until the report has been given further study and the Denver Mint's suggestions and recommendations given full and careful consideration.

Marshall M. Reddish
Asst. Superintendent

Office Memorandum • UNITED STATES GOVERNMENT

TO : Mr. Reddish

DATE: April 29, 1963

FROM : Philippus,

SUBJECT: Shipments from Denver Mint to Federal Reserve in DENVER - 1962

MS:tyre

No. of Shipments - - - - - 61

6

No. Pieces shipped - - - 43,852,140

26,070,000

March 8, 1963

MEMORANDUM

FROM : Mr. Charles M. Miller, Superintendent
Melting and Refining Division

SUBJECT : Arthur D. Little, Inc., Report

Arthur D. Little, Inc., a private management engineering consulting firm, surveyed the operations and facilities of the Bureau of the Mint during the period from July 17, 1962, and January 16, 1963. The stated purpose of this survey was to study the Bureau's manufacturing operations, facilities and related functions and to make definite recommendations to insure effective, efficient and economic operations in relation to future growth needs.

The final report of this survey, submitted February 11, 1963, referred to various memoranda containing details of the analysis and, apparently, considered as justification for the conclusions reached. These memoranda, now on file in the Bureau of the Mint and the Bureau of the Budget, were not made available to concerned personnel in the field institutions.

While a realistic, factual and clear-cut evaluation of the survey report cannot be made without access to the basic information contained in these memoranda, a somewhat cursory appraisal of the conclusions reached may be made.

As for the factual data:

1. Present mint manufacturing facilities are inadequate to meet current production demands economically.
2. In order to meet current requirements economically and to meet future requirements, the Mint should procure additional manufacturing capability, both space and equipment, as soon as possible.

3. The production requirements for Mint production facilities are expected to increase from 4.1 million pieces for fiscal year 1964 to 5.1 million pieces in 1970, to 8.5 million pieces in 1978 and to 18.0 million pieces by 1990.
4. 1.4 billion pieces, current Denver capacity, 2 shifts, 5 days.

2.5 billion pieces, current Denver capacity, 3 shifts, 6 days.

2.8 billion pieces, Denver capacity, 3 shifts, 7 days, if additional blank annealing furnace is put into operation.

3.7 billion pieces, Denver capacity, 3 shifts, 7 days, if 1 blank annealer, 1 roll and 13 presses are added.

2.5 billion pieces, Denver capacity, 2 shifts 5 days, if above-mentioned additional equipment is added.

1.3 billion pieces, current Philadelphia capacity, 2 shifts, 5 days.

2.3 billion pieces, current Philadelphia capacity, 3 shifts, 7 days.

6.0 billion pieces, combined Denver and Philadelphia capacity, 3 shifts, 7 days after adding above-mentioned equipment at Denver.

6.0 billion pieces
-0.6 " " less 10% for production interruption
5.4 billion pieces, combined capacity, 3 shifts, 7 days, after adding equipment at Denver and after deducting 10% for production interruption.

3.8 billion pieces, combined Denver and Philadelphia capacity, 2 shifts, 5 days after adding equipment at Denver.

2 shift - 7 day	2.8	billion pieces, Denver capacity by adding blank annealer
3 shift - 7 day	<u>2.3</u>	billion pieces, Philadelphia capacity
	5.1	billion pieces, total
	<u>-0.5</u>	" " less 10% for production interruption
	4.6	" " combined Denver and Philadelphia capacity, 3 shifts, 7 days by adding only blank annealing furnace at Denver.

Some of the above capacities attributed to Denver are based on the false premise that refinery operations have ceased to be a function of the Denver Mint and that space now occupied by the refinery is available for adding 1 blank annealing furnace, 1 production roll and 13 coinage presses. This institution has received no information to indicate this assumption is correct. On the contrary, annual requests for estimates of the costs for opening and operating the refinery indicate the opposite. It would therefore appear that Denver's production capacity will remain as at present (2.5 million pieces, 3 shifts, 6 days) until additional production facilities are built - unless it is deemed advisable to botch up the current production space (already overcrowded) by crowding in additional equipment, as was done in Philadelphia with disastrous results.

So, with Denver's production capacity limited to present levels until new manufacturing space is provided, and with increased demand for coins facing the Bureau during the interim before new manufacturing facilities can be built elsewhere, it would appear advisable to provide additional manufacturing facilities at Denver immediately. This is particularly true when it is recognized that:

1. New manufacturing facilities can be brought into production at Denver at least a year

before it can be accomplished elsewhere. The required land, adjacent to the present Mint building, has been purchased and is ready for immediate use.

2. The Denver Mint is recognized as the most efficient and economically operated Mint in the world.
3. The Denver Mint has a ready pool of dedicated personnel that has made that recognition possible.
4. Actually, the Denver Mint is already overcrowded and needs additional space to maintain its present rated capacity for production.
5. Second and third shifts are operated at the Denver Mint without excessive shift premiums.
6. Charges for interest on building investment would not be applicable to a Denver Mint expansion to the same extent as would be applicable to a completely new Mint located elsewhere, since the present already-constructed building would be used.

Manufacturing capability of the Denver Mint can be increased from 1.4 billion pieces per year (2 shifts, 5 days) to 4.6 billion pieces per year (2 shifts, 5 days) by erecting a two-story (basement and 2 floors) addition on a 100' x 216' plot of ground immediately adjacent to and south of the present building. By using the \$22.00 per square foot figure used by Arthur D. Little, Inc., in making their cost estimates for new plant construction, the maximum cost of this proposed building is estimated at approximately \$1,425,000.00. Additional production equipment would cost approximately \$3,065,000.00, making a total outlay of approximately \$4,500,000.00 for additional space and equipment to increase the Mints' combined manufacturing capability from 2.7 billion pieces per

year (2 shift, 5 day) to 5.9 billion pieces per year (2 shift, 5 days). This represents a 3.2 billion piece, or 118%, increase in manufacturing capability.

The Arthur D. Little, Inc., report proposes construction of a new Mint at Philadelphia at an initial cost of \$13,900,000.00 for space and equipment, exclusive of land costs. This new building would increase the Mints' combined manufacturing capability by 5.4 billion pieces, or less than twice the increase to be realized by the proposed Denver expansion. But, the cost of the new Philadelphia Mint would be 3.2 times the cost of the proposed Denver expansion. So, with an expenditure of 3.2 times as much, the Mints' manufacturing capability would increase less than 2 times as much. When the cost of land is considered, the cost differential would be even greater--with the advantage more in favor of the Denver expansion where the acquisition of land is not required.

Furthermore, the expansion proposed for Denver is more in line with anticipated production requirements. Production capability resulting from the Denver expansion would be 5.9 billion pieces, which would be sufficient to meet production demands until 1972 when production requirements will reach 5.9 billion pieces. The proposed new Mint for Philadelphia would increase the Mints' combined manufacturing capability to 7.9 billion pieces within three years, which for the intervening years between 1966 and 1977 would be far in excess of anticipated production requirements. The Mint's production requirements are not expected to reach 7.9 billion pieces until 1977. Thus, during the eleven years from 1966 to 1977, much of the production capability provided by the new Philadelphia Mint would be idle, with interest on original investment cost continually mounting.

From the above comparisons, it would appear that the proposed Denver expansion would be more realistic for the immediate future - at least as far as capitol investment costs are concerned.

Operating cost differences arise from transportation of finished coin and from personnel requirements.

In Table IX of the Arthur D. Little report, the outbound coin transportation cost for the Denver expansion is shown as \$260,000.00 in excess of comparable outbound coin transportation cost for the new Philadelphia Mint. Without access to the pertinent working memoranda there is no way of knowing how this figure was developed. However, since the figure is not in agreement with an analysis of comparable transportation cost made at the Denver Mint, it would appear safe to assume that regular recorded transportation charges for east-bound shipments were used rather than the highly favorable transportation charges that the Denver Mint has been able to negotiate during the last few years. The Denver analysis indicates the following facts:

1. Denver would have an outbound coin transportation advantage in that area west of an approximate line extending north and south of Louisville, Kentucky, while Philadelphia would have an advantage east of that line.
2. Slightly more than half of the combined coin shipments from Denver and Philadelphia were shipped to points west of the above-mentioned line during fiscal year 1962.
3. The \$260,000.00 additional outbound transportation cost attributed to the Denver expansion by the Arthur D. Little report is, therefore, erroneous.
4. Denver production capability should, therefore, be maintained equal to or in excess of Philadelphia's production capability.
5. Denver's apparent slight advantage in outbound transportation costs will become more apparent as the population center moves westward.

Personnel cost differences are also shown in Table IX of the Arthur D. Little report. While the report

shows no cost differences in this category between the new Philadelphia Mint and the Denver expansion, there would, in fact, be a sizeable difference in Denver's favor. This difference in Denver's favor arises from the following facts:

1. Denver consistently makes better use of its personnel than does Philadelphia.
2. The high shift premiums in effect at Philadelphia are not applicable to Denver.
3. Denver has a slightly lower wage scale for the same types of employees than does Philadelphia.

Now, as regards the proposed use of semi-continuous casting at the new Philadelphia Mint and its anticipated effect upon operating costs there, the same type of equipment could be installed at the Denver expansion with the same results. However, in our opinion, this comparatively new casting method may not be applicable to an ingot of limited cross section destined for cold rolling without strip annealing, and should be investigated thoroughly before adoption.

Charles E. Miller, Supt.
Melting and Refining Division

March 12, 1963

MEMORANDUM

TO : Mr. Walter J. Judge, Superintendent
Coining Division

SUBJECT : Arthur D. Little, Inc., Report

The Coining Division wishes to submit a plan for increasing production of coins by expanding the space and increasing equipment.

The attached proposal shows the feasibility of increasing the available space by 65,000 square feet to yield a combined production increase from 1.4 to 4.6 billion pieces per year. Estimated cost of the required building and equipment would be \$4.5 million dollars plus an undetermined amount for exterior decoration.

This recommendation has several advantages over attempting to revise the present facilities:

1. There would be no interruption in desperately needed production.
2. The refinery would not be disturbed.
3. The building site is paid for and available now. The entire building would be equipped and utilized for production.
4. All denominations could be produced at the same time.
5. Additional equipment would be required to expand the existing facilities. A self liquidating use of this equipment could be realized by combining it with other new equipment in a space designed for efficient processing of the metals. This is supported by the reported inefficiency of Philadelphia's rolling room. Philadelphia's rolling equipment was purchased several years later than Denver's equipment. By placing this newer equipment in an unsuitable building, operating costs are much higher than Denver's.

The same situation would occur in Denver if new equipment were jammed into already overcrowded space.

6. The existing shipping and storage facilities must be expanded if there is any increase in production. The visitors balcony would be closed and used as a storage area. Halls are now being used for storage and while shipping trucks are being loaded in the manufacturing area, production is interrupted.
7. This expansion would give Denver the capacity to supply coin to the area in which Denver's transportation costs are lower than Philadelphia's.

William E. Summers, Mechanical Engineer
Coining Division

Richard E. Lord, Mechanical Engineer
Coining Division

Attachments:

Specifications for Proposed Addition
Summary of Mint Property
Drawing Proposed Addition of Single Continuous
Minting Process Line
Drawing Basement of Proposed Addition
Drawing Second Floor of Proposed Addition

SUMMARY OF MINT PROPERTY

Denver Mint Property	146,082 Sq Ft	3.35 Acres
Total Floor Area (4 floors)	149,340 Sq Ft	3.42 Acres
Present Manufacturing Area	44,000 Sq Ft	
Total Available Ground for Expansion	68,376 Sq Ft	
Proposed Building Ground Area	21,600 Sq Ft	
Proposed Total Building Area: Two Floors and Basement	64,800 Sq Ft	
Proposed Manufacturing Area	48,000 Sq Ft	
Remaining Area for another future Expansion	37,000 Sq Ft	

SPECIFICATIONS FOR PROPOSED ADDITION

- Location - This expansion would be attached to the south side of present building and utilize land now owned by the Government.
- Size - 100 Feet x 216 Feet
- Height - Same as present building of two stories and basement.
- Area - Ground area 21,600 square feet.
Total Building area 64,800 square feet.
Manufacturing area 48,000 square feet.

Equipment- Major:

Motor generators for current to electric melting furnaces.

Melting furnaces and ingot molds.

Ingot scalper and shears.

Ingot rolling mills.

Blanking punches.

Slab and coil annealing furnace.

Blank annealing furnaces.

Upsetting Mills.

Automatic scales.

Coin presses.

Traveling bridge cranes.

Production capacity for old and new facilities:

Two shifts, five days a week - 4.6 billion pieces per year.

Cost	- Land	Previously purchased
	Building @ \$22.00 per square foot	\$1,425,000.00
	Equipment in new building	<u>\$3,075,000.00</u>
	Total	\$4,500,000.00

March 13, 1963

MEMORANDUM

FROM : Walter J. Judge, Superintendent
Coining Division

SUBJECT : Arthur D. Little Report

I have a few supplemental points to bring out in addition to the points set forth by our competent Denver Mint engineers, with whom I concur.

On page 4, paragraph 3 the report states that Denver can add equipment (annealer, rolling mill, and presses) and increase capacity to about 2.5 billion (2 shifts, 5 days) - this in the existing building. This does not specify the length of the shifts nor the number of days to be worked. In order to accomplish this on an eight-hour shift basis it would require 250 stamping days, which is not realistic. A maximum of 230 days stamping should not be exceeded. Allowing for 8 holidays, 3 days at end of year for die mutilation and set-up for new year, this would leave a 19-day shut-down period in June for working off annual leave, necessary maintenance work and for settlement. On the basis of A. D. Little's figures on percentages of various denominations required: 75% cents, 10% nickels, 10% dimes, 4% quarters and 1% halves - according to our best production figures a total of 43.28 stamping presses would be required, with insufficient space for their installation.

The installation of a third rolling mill would require the removal of blank annealing equipment to refinery, together with third line presently not in use. This would complicate materials handling, with lowered operational efficiency.

The additional stamping presses required would have to be placed in present count-review room. The only available space left then for count-review would be

what is left of the refinery office and old refinery melting room. This would result in over-crowded conditions and inject additional materials handling problems.

Paragraph B on page 5 states that the Denver Mint produced 2.5 billion coins in fiscal year 1962 by operating 3 shifts, six days a week, and blank annealing was carried on 7 days a week. The fact is that approximately 5 months were spent in stamping 5 days a week, and blank annealing 6 days a week.

I question the selection of a 2-shift, 5-day operation. Why is it that in so many private industries in highly competitive fields, 3-shift operation has been adopted?

Any rearrangement of equipment in the existing building, with addition of third rolling mill, additional blanking presses, additional stamping presses and installation of third line of blank annealing equipment will result in further overcrowding of already inadequate space. It could even interfere with the conduct of visitors by forcing the further utilization of the press room balcony for additional storage space.

It is felt that the Denver Mint should have access to the working memoranda as an aid to further consideration of the report.

Walter J. Judge
Walter J. Judge, Supt.
Coining Division

March 12, 1963

MEMORANDUM

FROM : Mr. William E. Summers, Mechanical Engineer
Mr. Richard E. Lord, Mechanical Engineer
Coining Division

TO : Mr. Walter J. Judge, Superintendent
Coining Division

SUBJECT : Questions on A. D. Little Inc., Report

We have made a review of the A. D. Little Report without the working memorandums. In order to complete our review of this report we need a copy of the Working Memorandums and Appendix E. May we obtain a copy?

The letter of transmittal invited questions about the report and actions to be taken as a result of the A. D. Little recommendations. We have listed a few questions.

1. We question the action of locating a new large mint at Philadelphia based upon the A. D. Little Report. Their recommendations should be reviewed further. This is concluded after reading the report and discovering the omissions, conflicting and misleading statements listed in the attachment.
2. We question the validity of their recommended location for immediate expansion. On page 36, A. D. Little states that two major factors influencing the choice of location for the required additional capacity are: (A) the location of existing facilities and (B) transportation costs.
 - A. We question consideration given to the various location alternatives because of the following points:
 - (1) Page 36. Alternative (a) states Denver can add equipment described on page 7 to make better use of existing space. A. D. Little has failed to enumerate all the equipment needed and where all of it is to be located. What is to be gained by duplicating Philadelphia's overcrowded and inefficient situation? Has anyone asked the personnel their opinion of Philadelphia as a place to work? The reported cost of this new location at \$5 million dollars is a tremendous jump over the \$50,000 site suggested on page 43. Since about half the building will not be equipped until later, this creates an expensive use of building and land.

(2) Page 37. Alternative (d) states all the new capacity, 6.6 billion pieces per year (Table X), is to be located at Denver with new space requirements of 170,000 square feet. Table III shows a capacity of 4.0 billion for this area. What are these major modifications for Philadelphia? It appears to be a new mint to replace the existing facilities plus an expansion of 2.6 billion pieces per year. The self liquidating aspects of Philadelphia's new rolling room and rolling equipment are based upon an unsupported assumption. Why is this new rolling facility classified as existing capacity in Table X and yet charged as initial investment?

(3) Page 38. Alternative (f). This is a feeble excuse to dismiss an important consideration. It is not "clearly" unfavorable. I am sure the Bureau is well qualified to handle several separate building programs simultaneously. There is no support for the statement that two additions would result in more unused space and less efficient utilization of capital than a single-plant expansion. This is not true, since page 36 recommends plants be constructed to cover space demands for 13 years. This total space requirement is in all the alternatives listed in Table X. Only half this space would be used initially. We are submitting Denver's expansion proposal costing 4.5 million dollars equipped, that utilizes all the new space from the beginning. Alternative (f) has the advantage of housing all the new equipment in new buildings at both locations to achieve maximum efficiency instead of duplicating Philadelphia's present dilemma at Denver as proposed in Alternatives a, b, c, and d. A further advantage of this proposal is the division of the production capacities to coincide with the coin demands that can be supplied at the least transportation cost. Denver can ship coin to supply half the nation's demands at less cost than Philadelphia. In conformance with the national policy to scatter and duplicate critical industries, it would be unwise "to put all our coins in one mint".

(4) Alternative (g) states Philadelphia improvements are self liquidating. Housing new equipment in a new building at Philadelphia is more than an improvement. It is a new Mint. This type of improvement would be as self liquidating at Denver as it is at Philadelphia.

(5) Alternative (h) is dismissed because of transportation costs from Denver are very expensive and most coin demand is east of the Mississippi River.

The fact is that Denver's shipping costs are less than Philadelphia's in an area embracing 49% of the total population. During FY 1962, Denver shipped 1.6 billion pieces at less shipping cost than Philadelphia. This is 178% of Philadelphia's total production.

- B. We also question the validity of the misleading conclusion reached in regards to transportation costs that states, "The transportation cost of the Denver expansion is greater than that of the Philadelphia expansion, since a larger fraction of the demand is in the east" (par 2, page 38). A preliminary investigation has disclosed the following facts:

(1) Current minor coin shipping rates (see attachment) of the Navajo Freight Lines, Inc., one of the Mint's reputable shippers, shows that minor coin shipments east from Denver to the eastern boundary of Indiana, Kentucky, Tennessee and Mississippi, cost less than shipments from Philadelphia west of this boundary. Based on the 1960 Census, it is therefore a fact that 49% of the nations population can be reached at less transportation cost from the Denver Mint than from the Philadelphia Mint (see attachment).

(2) Information received from the Cash & Deposits Division, corroborates paragraph (1) by stating that 64½% of the 2.5×10^9 pieces produced in FY 1962 were shipped from Denver at less cost than the shipping cost from Philadelphia.

(3) Table IX, Operating Cost Difference, exaggerates Denver's Outbound Transportation Cost increment as being \$260,000. Based on data reference in the above two paragraphs, we recommend that the Transportation Cost Difference be adjusted to reflect the cost advantage from the Denver Mint.

(4) Table VIII, Outbound Transportation Cost, is meaningless as the "Two Mint Transportation Cost" might apply to any of the following alternative definitions (page 36 through 38), each of which represent different production capabilities for Denver and Philadelphia:

- (a) New Mint in Philadelphia
- (b) Expand Denver Mint
- (c) Expand Philadelphia Mint
- (d) Expansion of Both Existing Mints
- (e) Expand Denver, no Philadelphia improvement

We have not reviewed the sections on forecasting and therefore have no questions on this subject at this time.

William E. Summers

William E. Summers, Mechanical Engineer
Coining Division

Richard E. Lord

Richard E. Lord, Mechanical Engineer
Coining Division

Attachments: 3

ATTACHMENT 1 - PERTAINING TO QUESTION NUMBER ONE

Omissions include:

Page 43 - States the costs of land for construction were not considered and this exclusion impairs the validity of the comparison, somewhat. They fail to mention that the Federal Government owns all the land adjacent to the Denver Mint, about 68,000 square feet, and the reported cost of new land at Philadelphia at 5 million dollars.

Page 3 - States Denver should add a rolling mill, a blank annealing furnace and 10 coin presses. Where do they mention the need for several more blanking presses or where or how all this equipment can be located in the overcrowded plant they describe on page 90?

Page 37 - States the equipment additions described in Chapter II should be made in Denver to make better use of existing space. What space? A. D. Little mentions the location for an annealing furnace, but what about coin presses, blanking punches and a rolling mill? It would be necessary to close the visitor's balcony and use it for storage since the halls are now being used as storage areas.

Page 7 - States Philadelphia rolling mills are old and unreliable.

Page 59 - States at Denver the rolling equipment is newer and more efficient.

Page 40 - States Philadelphia's production costs are higher than Denver's primarily because of higher rolling and maintenance costs. The Philadelphia improvements recommended by A. D. Little should reduce Philadelphia's costs to those at Denver. They fail to mention that the rolling mills now in use at Denver were ordered for and offered to Philadelphia and they declined to install them. Denver did install them in the 1945 building addition which was not designed for this equipment. Three of the rolling mills at Philadelphia are 10 years newer than Denver's. All the Philadelphia materials handling equipment used in the rolling operation is newer and more substantial than Denver's. Their slab and coil annealing furnace is new. Their blanking punches are larger than Denver's. On the whole their equipment is better and newer than Denver's but housed in a crowded building the same as Denver. A comparison of cost data for FY 1962 shows about the same rolling room maintenance and overhead costs at Denver and Philadelphia, on a percentage basis. Based on direct labor costs

	Philadelphia	Denver
Mechanical overhead	72%	64%
Total overhead	172%	168%

Comparing the mechanical division costs relative to the division total

	Philadelphia	Denver
Rolling	21%	35%

This would show that rolling maintenance costs are not disproportionate at Philadelphia.

Conflicting statements includes:

Page 90 - States that both Denver and Philadelphia plants are overcrowded and incapable of taking advantage of improvements in processes and equipment because of space limitations.

Page 3 - States the Denver Mint should add a rolling mill and 10 stamping presses.

Page 7 - States the Denver Mint should add a third rolling mill and 13 more coin presses. Do we add 10 or 13 presses? Why should we add more equipment to an overcrowded plant?

Page 42 - Table X requires a careful review of the Denver Alternative to iron out the differences with statements on page 37 under alternative (d) and with Tables II and III.

- A. In the column of existing capacity, the Denver Expansion lists Philadelphia capacity as 1.3 billion pieces per year. Yet page 40 proposes new space and new equipment for this 1.3 billion capacity. Why isn't it listed as new capacity?
- B. In the column of new capacity, the Denver Expansion is listed as 6.6 billion pieces per year. Page 37 states all new capacity will be located at Denver. Yet Denver's space of 170,000 sq ft as per footnote ** in Table X provides a capacity of only 4.0 billion pieces per year according to Table III.
- C. In the column of initial investment for space, the cost of \$1.8 million for 80,000 sq. ft. at Philadelphia is omitted from the Philadelphia expansion but included in the Denver expansion. Denver's part is only \$4.7 million according to Table III.
- D. In the column of initial investment for equipment, the initial investment costs are listed for the first three alternatives. For the Denver expansion they list the final 1978 equipment cost of \$7.0 million. This is the sum of \$6.0 million to fully equip 170,000 sq. ft. in Denver and \$0.9 million to buy new equipment for Philadelphia. Why not use the same basis such as the 1978 equipment cost. Using Table III, this would result in a total investment in the Denver alternative of \$14.5 million and \$20.5 million for a new mint at Philadelphia. Also, by adding the reported \$5 million land cost to Philadelphia's new mint, the investment would be \$25.5 million at Philadelphia by 1978.

Page 36 - A. D. Little sizes the plant capacity for the period 1966 through 1978, 12 years. This is actually 13 years.

Page 45 - The cost comparisons in Table XI appear to be rigged in favor of Philadelphia.

A. The investment costs are taken from the questionable Table X. They have used initial investment costs in all except the Denver alternative. The annual investment cost should depend upon the total money invested and not the easy down payment. All alternatives omit the land cost. The following tables show total investment costs and interest costs based on the total cost from Tables II and III:

	Philadelphia New Mint	Denver Expansion
Period 1966 through 1978	13 years	13 years
Equipment Cost 1978	\$12.7 million (6.1 million 1966)	\$7.0 million
Simple interest @ 4% on invested money for 13 years	5.1	3.6
Space Cost	7.8	7.5
Simple interest @ 5.05% on invested money for 13 years	5.1	4.9
Land Cost, Fees, etc.	5.0 *	0.6 *
Total investment cost 1978	25.5	15.1
Total interest cost 1978	10.2	8.5
Total Cost on Capital	35.7	23.6
Average annual investment cost	1.96	1.16

* Philadelphia's reported and Denver's estimated. Denver's land is already purchased.

B. The Relative Annual Operating Costs were also taken from the questionable Table IX which exaggerated Denver's transportation costs. The Relative Annual Operating Cost figure of 690 for the Denver Expansion should be considerably lower as coins from Denver can be shipped to half the nation's population at less cost than shipping from Philadelphia.

Pages 3, 7, 37, 40, 41, 42 and 43 - There are no details concerning the improvements or major modifications for Philadelphia's current manufacturing space. The 80,000 square foot rolling room in the footnote ** of Table X appears too large for 1.3 billion pieces per year compared to 170,000 square feet at Denver for 6.6 billion pieces.

Misleading Statements include:

Page 2 & 12 - States that three of the alternatives considered for providing additional space, cost about the same amount and substantially less than the others. They omitted the Denver alternative which has a space cost less than two of the three alternatives listed, as shown in Table X.

Page 12 - States that manufacturing space at Philadelphia should no longer be used for that purpose.

Page 42 - The footnote * indicates existing Philadelphia capacity at 1.3 billion pieces per year. How can this be classified as existing if a new building and new equipment are to be provided as stated on pages 41 and 43.

Page 37 - Under alternative (d), they recommend some major improvements in the Philadelphia plant that are self liquidating. Is this a new mint?

ATTACHMENT PERTAINING TO QUESTION TWO

RATES

PENNIES - NICKELS

TOs	FROM		WEIGHTS (Load)
	DENVER	PHILADELPHIA	
Atlanta, Georgia	254	181	30,000 pounds
Chicago, Illinois	169	225	30,000 pounds
Louisville, Kentucky	216	216	30,000 pounds
New Orleans, Louisiana	218	391	30,000 pounds
Detroit Michigan	215	197	30,000 pounds
Minneapolis, Minnesota	205	357	30,000 pounds
St. Louis, Missouri	160	245	30,000 pounds
Cleveland, Ohio	220	167	30,000 pounds
Nashville, Tennessee	228	323	30,000 pounds
Memphis, Tennessee	201	243	30,000 pounds
Houston, Texas	188	285	30,000 pounds

STATES AND CORRESPONDING POPULATION MOST ECONOMICALLY SERVED BY THE

DENVER MINT

	1960	1975 Growth
Washington	2,853,214	896,000
Oregon	1,768,687	452,000
California	15,717,204	9,718,000
Nevada	285,278	267,000
Utah	890,627	303,000
Colorado	1,753,947	851,000
Arizona	1,302,161	1,259,000
New Mexico	951,023	585,000
Texas	9,579,677	3,696,000
Montana	674,767	163,000
Idaho	667,191	128,000
Wyoming	330,066	87,000
North Dakota	632,446	3,000
South Dakota	680,514	29,000
Nebraska	1,411,330	126,000
Kansas	2,178,611	485,000
Oklahoma	2,328,284	97,000
Minnesota	3,413,864	866,000
Iowa	2,757,537	209,000
Missouri	4,319,813	765,000
Arkansas	1,786,272	266,000
Louisiana	3,257,022	1,074,000
Mississippi	2,178,141	6,000
Tennessee	3,567,089	356,000
Kentucky	3,038,156	91,000
Indiana	4,662,498	1,462,000
Illinois	10,081,158	3,171,000
Wisconsin	3,951,777	1,135,000
Alaska	226,167	171,000
Hawaii	632,772	121,000
	87,877,293	28,305,000

Total 1960 National Population 179,323,175

Denver can now reach 49.0% of the nation's population at lower transportation cost than Philadelphia.

$$\frac{87,877,293}{179,323,175} = 49.0\%$$

TWO STORY EXPANSION SPECIFICATIONS
OF
U. S. MINT, DENVER

Ground Area	32,224 sq. ft.
Floor Area	77,152 sq. ft.
Production Area	51,328 sq. ft.
Building Cost	\$ 1,000,000 Approx.
Production Capacity	2 billion pcs/yr

VI. Space Requirements

ESTIMATED SPACE REQUIREMENTS & COSTS

Alternative #3

New Single Mint

Annual Volumes (Billions of Pieces)

Total Volume	<u>4.0</u>	<u>5.0</u>	<u>6.0</u>	<u>8.0</u>	<u>10.0</u>	<u>12.0</u>	<u>14.0</u>
Area (1,000's of sq. ft.)	230.7	255.2	270.0	310.0	339.7	372.0	395.2
Cost (in millions)	\$5.1	\$5.6	\$5.9	\$6.8	\$7.5	\$8.2	\$8.7

Notes:

- (1) "Direct" Production, Supporting, and "Other" Space
- (2) Assumes a new Mint, replacing both Philadelphia and Denver

Alternative #4

Expansion at Denver, Improve Philadelphia

Annual Volumes (Billions of Pieces)

Denver Volume	2.4	4.4	5.4	6.4	7.4	8.4	10.4	12.4	14.4
Total Volume (Phila. @ 1.3)	<u>3.7</u>	<u>5.7</u>	<u>5.7</u>	<u>7.7</u>	<u>8.7</u>	<u>9.7</u>	<u>11.7</u>	<u>13.7</u>	<u>15.7</u>
Area (1,000's of sq. ft.)	80	167	197	204	225	255	280	315	330
Cost (in millions)	\$1.8	\$3.7	\$4.3	\$4.5	\$5.0	\$5.6	\$6.2	\$6.9	\$7.3

Notes:

- (1) "Direct" Production + 50% Supporting Services
- (2) Assumes addition to Denver, plus production addition (but no expansion) at Philadelphia

addition to the Denver Mint of about 165,000 square feet and to the Philadelphia Mint of about 80,000. The chief disadvantage of this alternative is the excessive transportation costs which would be incurred in shipping from Denver.

Although most expensive in construction costs, the single Mint alternative has the advantages of lowest operating costs, due both to economies of high volume and eliminating duplication of indirect and other personnel (administration, protection, supervision, mechanical, etc.). On the other hand, this alternative is probably politically unpalatable.

Alternative #2, a new Philadelphia Mint, is more costly than adding to the present facility. However, it has the advantage of permitting a relayout of the entire Mint activity (as opposed to merely the coinage operations), and undoubtedly would result in significant benefits in control, communication, and other intangibles (including "public relations" aspects). Furthermore, abandoning the existing structure will eliminate some building maintenance and other excessive costs associated with the old Mint.

E. Summary

In the formal report to the Director of the Mint, we recommended that new plant space be provided to cover the estimated demands through 1978, since this resulted in the minimum total cost. The estimated 1978 demand is 7.9 billion coins, plus 20% allowance for production planning, or 9.3 billion. For this total volume level, the space requirements and associated costs (at \$22. per square foot), for each of the alternatives discussed in the previous section would be as follows:

<u>Alternative</u>	<u>Phila. Volume</u>	<u>Denver Volume</u>	<u>New Space (Sq. Ft.)</u>	<u>Estimated Cost (millions)</u>
1. Phila. Expansion	7.0	2.5	190,000	\$4.18
2. New Phila. Mint	7.0	2.5	290,000	\$6.38
3. New Single Mint	-(9.0)	-	335,000	\$7.37
4. Denver Expansion		7.7	165,000	\$5.39
Phila. Modernization	1.3		80,000	

It is apparent that the alternative of adding new production space to the existing Philadelphia Mint is the least costly, primarily because it avoids the necessity to replace existing "non-production" space (offices, proof coin production, employee services, etc.). On the other hand, no provision is made in the figures above for renovation of the existing (which has been estimated as high as \$1 million). This alternative also assumes, of course, that sufficient land can be acquired adjacent to the Philadelphia Mint to construct 190,000 square feet of production space.

The next most attractive alternative, from a construction cost standpoint, is to provide for the increased demand entirely at the Denver Mint, and replace Philadelphia's production (only) space in a new addition at the current capacity (1.3 billion). This alternative requires an

1000

U.A.L. #87

Coach =

number like it will explode

24

8 per hr

~~64 per d~~

no cooling

Bronze roughing

inc on 8 hr

64 to 108 Br.

gears in gear box = no

over capacity

borrowed time

2 sep ocs

Time H for break down

Gears & Ge. H. br down = longer
shut down

No time for major repairs

MEMORANDUM

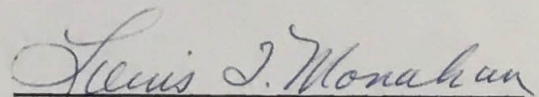
FROM: Louis T. Monahan
Assistant Chief Clerk

SUBJECT: Temporary or emergency addition to Denver Mint

It is felt that construction of an emergency addition of cinder block or cement block to the present Mint is probably the most ridiculous and short-sighted suggestion of all ideas presented for increasing coinage and expanding the Denver Mint. Many reasons for rejecting such a proposal can be advanced among which are:

1. Once a structure of this type is erected, it will definitely end for all time any chance for the erection of a modern structure and addition to the Mint.
2. All thinking on expansion to date has dealt with "increased coin production". No thought has been given to allied work and Mint activities, such as the following:
 - a. Additional storage space for both blank and finished coin.
 - b. Additional storage space for raw materials, such as copper, zinc, nickel, which are presently stored in hallways and out of the way places.
 - c. Additional security storage space for silver.
 - d. Additional storage space for supplies, materials and stand-by equipment, lumber, sheet metals, charcoal, wiping cloth bales, etc.
 - e. Additional shop facilities, such as a furnace building and repair shop, carpenter shop, electrician's shop, tin shop, etc. All of the above shops are at the present time too small and inadequate to carry on present work, much of which is being done in hallways.
 - f. Storage space for scrap, ^{coins} ~~coins~~, lumber, metals and materials awaiting disposal by sale. Presently, these articles are piled in the driveway on the Delaware entrance and are a hindrance to trucks entering the building. Empty pallets awaiting return to carriers are also stored in the alleyway.
 - g. Storage space for working equipment, when not in use, such as gondolas, tote boxes, hand trucks and electric trucks. This equipment, when not in use, is parked in hallways and balconies and constitute a definite safety hazard.
3. Apparently, there are no present plans for tearing down and removing the houses now occupying the southwest end of the Mint property. Whether a "chick-sale" addition is erected or a new modern and large addition is built, as long as these houses remain, it will constitute a security hazard.

4. In connection with (2) there is no provision for the very much needed and expanded dock facilities.
 - a. Coin is presently being loaded out of two basement windows which resembled a "Rube-Goldberg" idea, rather than a modern loading and unloading facility.
 - b. Large trucks are now required to maneuver on Delaware Street in order to back into Mint lot. This ties up city traffic which includes a city bus line operating on Delaware Street. While one or two trucks are loading, others are parked on Delaware Street.
 - c. Provision should include the removal of the old tramway building and using this space for the operation of trucks into a modern dock facility.
5. Modernization and expansion, meaning a new, large and permanent structure, such as the two present additions, should include plans for revamping a balcony for visitors to include a view of all minting activities, including melting room operations which is now excluded. Thousands of people visit the Mint yearly and there is no plan or method by which these visitors can be shown the operation. This, of course, is due presently to present layout of operations. The present guided tours, by necessity, are completely backward.



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Louis T. Monahan
Assistant Chief Clerk

UNITED STATES GOVERNMENT

Memorandum

TO : Marshall M. Reddish
Assistant Superintendent

DATE: April 9, 1963

FROM : A. L. Philippus
Head, Cash and Deposits Division

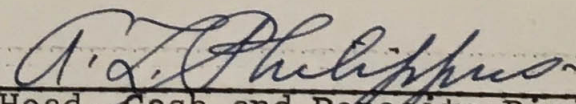
SUBJECT: Possible small addition to the Denver Mint

I understand thought is being given to the erection of a small addition to this Mint to house the annealing furnace which was received from the San Francisco Mint when coinage operations ceased there.

Naturally I have no data on the exact size of such an addition. However, the purpose of erecting any kind of building can only have one purpose in mind; that is, to increase production of coin. This in turn would aggravate the problems of this division which have existed for several years. The primary immediate problems facing us in any kind of expansion are the loading dock and shipping facilities. As you know, we have needed more space in these areas ever since coin shipments began moving in truck load lots. The best we could do was to install first one and then a second shipping window. The crowded conditions existing when dual shipments are being made require the closest supervision to see that loads do not become co-mingled, since every inch of space is taken up during shipping time.

Therefore, any additional production would complicate our problems even more. The only solution is to provide a loading and shipping area commensurate with increased production.

I am again mentioning this situation so it may be given top priority along with the other planning.


Head, Cash and Deposits Division

UNITED STATES GOVERNMENT

Memorandum

TO :

DATE: April 4, 1963

FROM : A. L. Philippus
Head, Cash and Deposits Division

SUBJECT: Mint expansion needs required by the Cash and
Deposits Division

1. Additional shipping facilities sufficient for four loadings. With an expanded program, additional silver bars can be expected from the East and West coasts which may tie up one loading facility leaving three currently in use for shipments and receipt of coin.
2. An additional vault approximately $2\frac{1}{2}$ or 3 times the size of the present "R" vault. This vault would be subdivided so that compartments of certain denominations may be sealed off and separate from other denominations.
3. Additional space required for present coin trucks and additional trucks required under the expansion program.
4. Space for pallets now stored in all available corners, etc., with space for future additional pallets.
5. Enlarge deposit melt room permitting the installation of two electric furnaces with better facilities for storing crucibles, etc.

April 1, 1963

Philadelphia Gas Works
1401 Arch Street
Philadelphia 5, Pennsylvania

Attention: Mr. James B. Henwood
Manager, Industrial Section

Gentlemen:

Reference is made to your letter of March 29, 1963, requesting information on gas and electricity costs in operations at the Denver Mint.

Gas is supplied and purchased in C.C.F. units which are measured by dump rate and commercial rate. The average cost of gas per therm cannot be computed without knowing the applicable process, or any process, as referred to in your letter. To determine the factors to be considered in selecting energy for a given process, we cannot compute it without knowing the particular process of which there are several. Some of our processes operate on A.C. current while others are converted to D.C., such as usage for our coin presses and sweeps section.

To advise you on costs for gas and electricity for any one process might be misleading and incorrect without receiving more detailed information.

In order to more readily supply you with the information required, we would appreciate it if you will advise us as to the costs of gas and electricity at the Philadelphia Mint, detailed by the several processes. We could then give you an accurate comparison of costs.

We shall be looking forward to receiving further information and will be glad to cooperate with your office if we can possibly do so.

Very truly yours,

Superintendent

LTM:ba

Philadelphia Gas Works

Division of
The United Gas Improvement Company



1401 ARCH STREET PHILADELPHIA 5, PA.

AIR MAIL

March 29, 1963

RECEIVED

APR 1 - 1963

OFFICE OF
SUPERINTENDENT
U. S. MINT AT DENVER

The Superintendent
United States Mint
320 West Colfax Avenue
Denver, Colorado

Dear Sir:

In order that we may properly approach the competitive situation for energy use in the projected new Mint in Philadelphia, we wonder if you would be kind enough to advise us of your experience in Denver.

Presently, in Philadelphia we are competitive with numerous industrial heating processes with electricity on an owning plus operating cost basis.

Would you kindly advise us of the average cost of electricity per kwh and the average cost of gas per therm in the Denver operation. We are also interested in determining the factors considered in selecting the energy for a given process beyond that determined by owning plus operating costs.

We will appreciate your consideration of these questions in order that we may have a clearer picture of our energy position in the various Mint operations.

Thank you very much.

Very truly yours,

James B. Henwood

JAMES B. HENWOOD
Manager, Industrial Section

JBH/lai

Letters re Little Co. Survey

D/M let 8/10/62 - Peter Matthews) for 8/15-16-17 with Boley
John E. Kent

D/M let 8/23 - report wants to D/M - none needed
for Matthews + Boley for Aug. 15 to 17.

D/M let 9/25 - Richard Heid - 9/26 thru 9/28

D/M let 11/28 - Jack Kent) for Dec. 3 to review operations &
Nessier discuss future equipment
acquisitions

March 29, 1963

Air Mail

Miss Eva Adams
Director of the Mint
Treasury Department
Washington 25, D. C.

Dear Miss Adams:

Enclosed are the comments of my staff after receiving and studying the working memoranda connected with the Little report. I know they appreciated having this extra material, for they felt the report was not complete without it.

I am also enclosing some newspaper articles which I feel will be of interest to you.

Sincerely yours,

(Mrs.) Fern V. Miller
Superintendent

Enclosures

FM:aw

Copies: Supt.'s file
Chron. file
2 extras

UNITED STATES GOVERNMENT

Memorandum

TO : Mrs. Fern V. Miller
Superintendent

DATE: March 27, 1963

FROM : A. L. Philippus
Head, Cash and Deposits Division

SUBJECT: Arthur D. Little Report - No. 4

The following comments are based on working memorandums supporting the Little Report dealing with transportation costs on silver coin shipments.

Silver transportation costs cannot be accurately computed since charges on each silver movement are the result of competitive bidding. Furthermore, a silver movement may (1) include a return movement of S.S. dollars from the East or (2) may include return to the Mint of uncurrent coin consisting of both silver and minor. This fact is realized by Little as evidenced in working memorandum No. 20 on page 3, Items 2 and 3. They have, however, ignored these factors. Instead of using actual costs applying to individual shipments of new coin, which are not available, they have arrived at a formula outlined in working memorandum No. 13, page 1 and working memorandum No. 20, page 1.

It should be realized that when a silver coin movement is contemplated, carriers bid against each other on the entire movement which may include some of the items heretofore mentioned. Even on simple one-way loads, such bidding takes place and after an award has been made subsequent bids to the same point have frequently been underbid by a competing carrier, resulting in a still lower rate. In fact, the REA Express has for some time now had almost exclusive hauling privileges on such shipments because of their extremely low bids which the Armored Services have been unable to meet. Thus, the data assembled by the Little Company on shipments for 1959, 1960 and 1961 is obsolete in view of present low rates, presenting an altogether different picture. Here again, the low cost of moving silver shipments from the Denver Mint is the result of intense competition between carriers to get this business.

It would, therefore, seem that a magic formula of weighing silver rates against minor coin rates, although interesting, is hardly a criterion on which to base statistics and may be fictional. I would on this account differ with the last

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Page 2

paragraph of working memorandum No. 20, page 3, which indicates that silver rates will exceed the estimates. In item 1 of working memorandum No. 13, page 1, in arriving at a figure of 83.5, the statement is made that this figure may be used between "any two points", which is certainly ambiguous.

In comparing shipping costs between Mints, we can deal with hard facts as to minor coins. However, under the present method of negotiating contracts for silver movements, no definite formula can be set. It would seem that if a scale of rates could be developed between carriers, or as a result of the extremely low rates by REA, by that agency alone, a tremendous amount of work could be eliminated. As it is, every time a shipment of silver is contemplated, bids have to be asked for, contracts have to be entered into between GSA and a successful bidder, the Mint must be notified, etc. Under an arrangement of fixed rates, all this voluminous work would be dispensed with and consignments could be allocated in rotation between carriers having equal rates or to the one having the lowest rate, as is the case with respect to minor coin shipments. Of course, it may be that by asking for competitive bids, it is felt that a bid lower than the previous one may creep in. The same reasoning could be applied with respect to tenders on minor coin shipments. It would seem that some system similar to that used on minor coin could be worked out between GSA and the various carriers with respect to silver shipments.

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UNITED STATES GOVERNMENT

Memorandum

TO : Mrs. Fern V. Miller
Superintendent

FROM : A. L. Philippus
Head, Cash and Deposits Division

SUBJECT: Arthur D. Little Report - No. 3

DATE: March 26, 1963

With further reference to the above report, I should like to refer to the S.S. dollar situation.

We now have approximately 5 million silver dollars in the Denver Mint. During the past 29 years, approximately 123 million dollars have been shipped from this institution. On the basis of our present stock and shipments in recent years, our stock should last approximately 4 months. According to recent reports, about 100 million dollars remain in the various institutions.

The dollars distributed by the Denver Mint since 1956 are coins which have been shipped to this institution from Philadelphia, New York and Washington, D.C. as "round robin" movements. Therefore, their distribution to the Western area of the nation where they are in big demand, has been less expensive than had they been shipped from the Eastern coast. If the balance of the coins from the Eastern institutions were shipped to Denver, the supply can be expected to last 6 or 7 years. The question then arises as to what is contemplated after that period. (a) Is the use of dollars to be discontinued? (b) Will a new stock of dollars be made? If the latter plan should be decided upon, which seems logical, where will these dollars be made? If they are to be made at the proposed new Philadelphia Mint, it would mean shipping them either across country to the banks direct at a high transportation cost or as "round robin" shipments to the Denver Mint for redistribution.

It is, of course, well-known that silver dollars have practically no circulation in the East. This reshipment would be an unnecessary expense since it is also a known fact that these coins would have to be shipped West. It would, therefore, seem logical to make these dollars at the Denver Mint, eliminating the shipping cost from the East to the West. If made here, they would be available in the area where they are in demand.

This is another factor not mentioned in the Little Report but one which I believe should have consideration in a long-term planning program.

DATE	YEAR	DATE	FIRST BAR	LAST BAR	FINESS	GROSS OUNCES	FINE OUNCES
MELT		GROSS BAR OZ.		ORDER NO.		FINE GOLD BARS	
A		C					
FINENESS		BAR OZ.		GROSS TOTAL OZ.			
B							
NO. OF BARS		YEAR		FINE OUNCES			
DATE		TOTAL VALUE		MELT		FINENESS	
G							
FIRST BAR		WEIGHED BY		PAR		NO. OF BARS	
D		E					
LAST BAR		CHECKED BY		DATE		BAR NUMBER	
		F					
		LOCATION		GROSS WEIGHT		FINE OUNCES	
		COMPT.					
				FINE SILVER BARS			
				GROSS WEIGHT		FINE OUNCES	

FINE OUNCE LISTING

N Y A O

DEC. 15, 1974

P. 999

<u>MELT NO.</u>	<u>BAR NO.</u>	<u>WEIGHT</u>	<u>FINESS</u>	<u>FINE OZ</u>	<u>COST</u>
A0109	1	999.99	.9999	999.99	99999.9999
	2				
	3				
	4				
	5				
	6				
	7				
	8				
	9				
	10				
	11				
	12				
	13				
	14				
	15				
	16				
	17				
	18				
	19				
	20				

WEIGHED BAR TOTAL 9999.99

9999.99 99999.9999

RECORDED MELT TOTAL 9999.99

9999.99 99999.9999

ADJUST 99999

9999 999.9999

MELT AND BAR ASSIGNMENTS. P. 999
 ALPHABETICALLY
 SFAO JAN. 10, 1975

NAME	MELT	BAR	TOTAL PRICE
JOHNSON, WILLIAM	A1090	129	12341.10
JOHNATHAN, ROBERT	B1010	230	
	B1020	231	
	B1021	232	
	B1022	233	
	B1023	234	61547.50
JONES, MARY	B1024	235	12341.10.
RICHARDS, JAMES	B1028	238	
	B1029	239	24682.20

MELT AND BAR ASSIGNMENTS
BY MELT AND BAR
SFAO

P 999

JAN 10, 1975

MELT	BAR	NAME
A1012	129	JONES, WILLIAM
A1013	130	KELLY, MARTHA
A1014	142	JONES, WILLIAM
A1015	144	ANDRE, ROBERT
A1016	146	BURNS, OLIVIA
A1017	172	KELLY, MARTHA
A1018	174	JONES, WILLIAM

SCHEDULE OF DELIVERIES
DENVER MINT

DATE:

p. 999

NAME: JONES, JOHN H.
ADDRESS: 104703 W 93RD ST., N.Y., N.Y.
PHONE: 765-4321

BID/OZ.	MELT	BAR	WT	FINENESS	FINE OZ
192	A0123	15	401.01	,9993	400.72
	B5432	01	385.36	,9995	385.16
	C1034	20	405.52	,9996	405.35
187	B0013	17	398.23	,9995	398.03

TOTAL PRICE = \$303,147.77

IDENTIFICATION:

SIGNATURE:

SSN:

DRIVER'S LICENSE:

CREDIT CARD:

DAILY POSTING NYAO

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JAN. 17, 1975

MELT/BAR	WT	FINENESS	FINE OZ.	COST	REVENUE	DIFFEREN
A0012 15	381.96	.9996	381.80	14,853.77	73,305.60	58,451.
17	410.08	.9996	409.91	17,307.30	78,292.81	60,985.
20	397.18	.9996	397.02	16,763.06	75,036.78	58,273.
A0019 02	393.22	.9995	387.02	16,763.06	75,036.78	58,273.
11	382.00	.9995	381.80	14,853.77	73,305.60	58,451.

TOTAL

80,540.96 374,977.57 294,436.

BY AUTHORITYRESOLUTION NO. 6

INTRODUCED BY

SERIES OF 1974

The Entire CouncilA RESOLUTION

URGING MINT DIRECTOR MARY
BROOKS TO KEEP THE MINT WITH-
IN THE CITY AND COUNTY OF DEN-
VER.

WHEREAS, the Denver Mint was originally established as a Federal assay office within the City and County of Denver in 1904; and

WHEREAS, the Mint began coining money in February, 1906, and has served the people of the United States in this capacity for the past 68 years, having manufactured four and one-half billion coins in 1973 alone, including denominations ranging from pennies to dollars; and

WHEREAS, the Denver Mint is one of the most popular tourist attractions in the State of Colorado, having a volume of as many as 3800 visitors a day in the summer months; and

WHEREAS, loss of the Mint to a location outside the Denver city limits would severely injure the economy of the City and County of Denver; and

WHEREAS, the Mint has occupied a prominent place in the history of the City and County of Denver for almost seven decades; and

WHEREAS, the need for a larger structure has prompted Mint officials to consider other locations for the Mint, including a site outside the city limits of the City and County of Denver; and

WHEREAS, Denver officials and citizens have urged that the new Mint be located at a site on the present Park Hill Golf Course that would fully satisfy the requirements specified for a new Mint;

NOW, THEREFORE,

BE IT RESOLVED BY THE COUNCIL OF THE CITY AND COUNTY OF DENVER:

Section 1. That the Council of the City and County of Denver, in behalf of the people of the City and County of Denver, hereby urges Mrs. Mary Brooks, Director of the Mint, to select the Park Hill Golf Course site for the location of the new Denver Mint, in order to keep the Mint within the City and County of Denver.

Section 2. That the Clerk of the City and County of Denver shall attest and affix the seal of the City and County of Denver to this resolution, and that a copy hereof be transmitted to Mrs. Mary Brooks, Director of the Mint.

PASSED by the Council

Frank Shea President

APPROVED: W. J. Hughes - Mayor

January 27, 1974

ATTEST:

J. J. Dugan Clerk and Recorder,
Ex-Officio Clerk of the
City and County of Denver

Correspondence and Reports concerning relocation of Denver Mts 1963-1974

ADD FILE 1962
FBIHQ COLLECTION
FBIHQ SER IV

